

RAYMOND C. CABALLERO  
MAYOR



## CITY COUNCIL

JAN SUMRALL  
DISTRICT NO. 1

ROSE RODRIGUEZ  
DISTRICT NO. 2

LARRY M. MEDINA  
DISTRICT NO. 3

JOHN COOK  
DISTRICT NO. 4

DANIEL S. POWER  
DISTRICT NO. 5

PAUL J. ESCOBAR  
DISTRICT NO. 6

LUIS G. SARIÑANA  
DISTRICT NO. 7

ANTHONY COBOS  
DISTRICT NO. 8

LEGISLATIVE REVIEW COMMITTEE  
OF THE WHOLE  
COUNCIL CHAMBERS  
NOVEMBER 14, 2002  
6:00 P.M.

The City Council met in special session at the above place and date at 6:03 p.m., the following Council Members answered roll call: Jan Sumrall, Rose Rodriguez, Larry M. Medina, John F. Cook, Luis G. Sariñana and Anthony Cobos. Absent: Daniel S. Power. **Late arrival:** Paul J. Escobar at 6:45 p.m.

The informational meeting commenced at 6:03 p.m. without a quorum; however, Representatives Sumrall, Cook, Sariñana, and Cobos were present.

Meeting of the Legislative Review Committee of the Whole officially started at 6:17 p.m. as Representatives Rodriguez and Medina arrived. The City Clerk opened the meeting and read the agenda into the record.

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**AGENDA**

Informational Public Meeting on Tax Increment Financing (TIF):

- General overview of TIF & designation of TIF No. Two as presented by City staff
- Presentation by the Greater El Paso Chamber of Commerce on findings of Reports commissioned on TIF
- Presentation on TIF by the Invest in El Paso Coalition
- Public Comment

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Representative Sariñana opened the meeting for public comment and introduced Dr. Patricia Palafox as the mediator.

Dr. Palafox introduced herself as the mediator and set the protocol for the meeting. She stated that public comments would be limited to three minutes per person and announced that a sign-up sheet was available for those who desired to make comment(s).

Ms. Rita Rodriguez, City Attorney, reminded Council Members not to deliberate or ask questions on issues as the meeting had been posted as a Legislative Review Committee of the Whole and added that, at this moment, a quorum had not yet been established. She added that when a quorum was established she would request the City Clerk to open the meeting.

Ms. Patricia Adauto, Director of Planning, Research and Development, presented the first item on the Agenda "General Overview of TIF & designation of TIF No. Two as presented by City staff" (copy of presentation on file in the City Clerk's office).

Ms. Rodriguez announced that a quorum had now been established for the Legislative Review Committee of the Whole and specifically mentioned that Mayor Raymond C. Caballero had been present briefly; however, had left the meeting.

Ms. Richarda Duffy Momsen, City Clerk, read the Agenda into the record at 6:17 p.m. as a quorum had been reached due to the arrival of Representatives Rodriguez and Medina.

Ms. Adauto continued her presentation following the meeting's formal opening and listed program objectives for TIFs.

Representative Cook questioned whether the City had bonding authority without the benefit of the TIF and whether or not the TIF gave the authority to finance projects without depleting the General Fund.

Mr. Norman Gordon, attorney, explained that the City had certain bonding authority; however, the bonding authority for a TIF District would allow liens to be placed on buildings and TIF Bonds could be sold and would not add to the City's indebtedness for other purposes. He explained that the concept of building through the "increment" was to provide for development and increase the valuation that might otherwise not occur. He added that the development would not deplete the General Fund.

Representative Sariñana explained that "Butterfield Trail Park" had been created without the use of TIFs and questioned whether or not the City could implement that same approach within TIF District Number Two.

Mr. Gordon opined that Butterfield Trail had been built on Airport property and additionally no external financing had been utilized to develop that area.

Representative Cobos questioned Ms. Adauto, as to whether any municipalities had created successful TIF Districts without the assistance of other entities existing within the same municipality and regarding the structure of the Board of Directors for the proposed TIF District Number Two.

Ms. Adauto responded that the Department was in the process of researching that information and added that she was aware of instances where very few taxing entities had participated in TIF Districts. She noted that a Board was not currently in existence and deferred the question to legal counsel.

Representative Cobos clarified that City Council had approved the TIF District in December 2001 and questioned what the structure of the Board was in December 2001.

Mr. Gordon remarked that the Ordinance had addressed the composition of the board but he could not recall the number of board members.

Representative Cobos interjected that the Board would be composed of nine individuals and noted that Mayor Raymond C. Caballero would be appointed as a Board Member. He stated that R.E. Thomason General Hospital would appoint one member and that the remaining seven individuals would be recommended by the Mayor. He then questioned legal counsel whether the City Council Members would be obligated to appoint one or more of the suggested appointees by the Mayor.

Representative Medina responded that City Council Members could deny both suggested appointees.

Ms. Rita Rodriguez, City Attorney, added that the Mayor could make recommendations and City Council could also deny those recommendations.

Mr. Bob Cook, President and CEO of the Greater El Paso Chamber of Commerce, opined that a lack of understanding and information was prevalent regarding the TIFs, specifically how TIFs related to the medical school, and added that the Chamber was greatly concerned. He explained that it was the intent of the Chamber, and many other City organizations, to move forward in the next legislative session and win the medical school for the community of El Paso. He stated that the Chamber felt accurate information was sorely needed; therefore, offered to the City Council to bring in an independent, third party counsel to answer legal questions regarding tax increment financing. He noted that the following presentation would be similar to what was presented by Ms. Patricia Adauto, Director of Planning, and stated that the studies would answer many legal questions. He then provided the Greater El Paso Chamber of Commerce's website address [www.elpaso.org](http://www.elpaso.org) for anyone requesting a copy of the Greater El Paso Chamber of Commerce's presentation. At this time, Mr. Cook introduced Mr. Peter Smith, attorney from the law firm of Nichols, Jackson, Dillard, Hager and Smith, Dallas, Texas. Mr. Cook noted that the firm represented 22 municipalities across the State of Texas and were considered experts in municipal law.

Mr. Peter Smith, attorney, stated that his firm had been hired by the Greater El Paso Chamber of Commerce to provide an objective report on tax increment financing and began reading from the presentation. (Presentation on file in the City Clerk's Office)

Mr. Cook reiterated that the Chamber was not an expert on matters pertaining to TIFs, which explained the hiring of the law firm. He affirmed that the Chamber was not in opposition to the concept of TIF and affirmed that, if properly structured and planned, TIFs could be a great economic development tool. He added when TIFs work properly jobs are created, private investment would be stimulated and ultimately, property values could increase. He reported that the position of the Chamber of Commerce was to expand the medical school and noted that the Chamber was the lead in the Team El Paso Healthcare Council. He informed the audience that the intent of the Healthcare Council was to make El Paso a more viable location for the medical community and was funding an economic impact study that would indicate the benefits of adopting the four year medical school. He clarified that the Chamber's position was to take action to alleviate any controversies and listed options to alleviate the controversies.

Representatives Sumrall, Medina, Escobar, Sariñana and Cobos questioned Mr. Smith on aspects of his presentation and Mr. Smith responded to each point.

Mr. Smith responded language could be added in the Ordinance that members of City Council could be named to the TIF Board for the duration of their terms.

Mr. Ken Schillinger, Invest in El Paso Coalition, understood the City had issued Bonds to finance construction projects, with the TIF as the underlying security of the Bonds, and that in the event the TIF failed, the taxpayers would be responsible for retiring the Bonds from the General Fund.

Mr. Norman Gordon, attorney, responded that the revenues from the tax increment would be utilized to satisfy the debt service on the TIF Bonds and not the General Fund.

Mr. Schillinger explained that Invest in El Paso Coalition members were present to give a voice to the people left out of the TIF discussion/process. He noted that the Coalition supported the development of the BHI and four year medical school; however, he believed the TIF was not the appropriate manner to pursue those initiatives. He noted that throughout the process of initiating TIF District Number Two, Mayor Raymond C. Caballero had not included the property owners located with the district. He noted that he had requested the City send notifications to property owners within TIF Districts Two and Three and to conduct public hearings regarding the TIFs; however, such public hearings had not been scheduled until this evening.

Mr. Doug Ramsey, Invest in El Paso Coalition, suggested emulating a successful TIF and noted that the current TIF structure would eventually lead to failure. He stated that the City of Fort Worth, Texas, had accomplished a successful TIF due to the partnerships between the businesses, neighborhood communities and the City Council and specifically their ability to develop a plan. He then explained the means utilized by Ft. Worth to create a successful TIF as developing a targeted area, determining projected costs, determining the financing means, and finally, realizing that the TIF would be an important tool to achieve those goals.

Ms. Vivian Rojas, Invest in El Paso Coalition, stated that incidents had occurred where citizens had not been notified of the TIF District public hearings and added that many individuals did not purchase or receive the newspaper nor read English; therefore, did not read the notice posted in the newspaper and were not aware the TIF District existed. She stated she was present tonight to ask Council Members to allow individuals living within TIF District Number Two to be allowed to speak, participate and be informed.

Mr. Robert Ayoub, Mimco Incorporated, speaking on behalf of Mr. Chris Balsiger, explained that a group of business leaders had united together to promote the Unified Medical Campus and to bring the four year medical school to the community of El Paso. He named the individuals who had come together to support the Unified Medical Campus and stated that if used properly the TIF would not generate any negativity within the community.

Mr. Ralph Adame, citizen, explained that he was a part of Mr. Ayoub's group of business leaders and had composed a PowerPoint presentation, which had conceptualized the vision for the medical complex. He noted that the businessmen named by Mr. Ayoub would combine their personal and business resources to lobby the Texas legislature for the medical school.

Mr. Richard Fleager, Regional Vice-President of Southern Union Gas Company and Chairman of the Healthcare Council, noted that the Healthcare Council was comprised of members of the Chamber of Commerce, UTEP, El Paso Community College and the public and private sectors and noted that as a member of the Healthcare Council he had traveled to San Antonio and toured the medical campus there. He expressed that it was due to the "Master Plan" that the medical campus was so successful and opined that TIFs would work in El Paso and that a compromise could be reached. He asked that comments made by Mr. Schillinger of the Greater El Paso Chamber of Commerce and the City of El Paso be considered and evaluated to determine where the disagreements and issues were. He recommended that City Council continue to create an environment where discussions regarding the TIFs could take place.

Mr. Albert Jefferson, citizen, questioned why the City Council had agreed to postpone the TIF issues until June of 2003.

Representative Escobar explained that the matter was postponed until June in order to collect a unified voice to take to Austin, which would then allow more funding to be made available in order that the vision of the medical campus be made real.

Representative Sumrall noted that it was her decision to make the motion to postpone the TIF discussions until June of 2003 and remarked that State legislators have commented on the lack of unity that encompassed the City Representatives and their constituents. She clarified that by postponing the TIF matters would have rectified themselves by June of 2003.

Mr. Ismael Rincon, citizen, commented that he trusted his City Representative and Mayor to do the right thing for the greater good of the City of El Paso.

Mr. James Kluetz, citizen, stated that he did not reside in the affected area; however, he noted that the TIF would have an effect on all citizens. He clarified that the Border Health Institute and four year medical

school were separate issues and asked that the focus be placed on the four-year medical school primarily. He reminded all attendees that a unified voice must be presented to our State legislators, otherwise the chances of obtaining the medical school would be less than adequate. He suggested repealing the TIFs in order to ease the dissention amongst the people.

Ms. Susan Austin, citizen, questioned the outcome of the TIF if it were a success and wondered whether the TIF Board Members would be similar to the Public Service Board, in that the TIF Board would manage the financial plan of the TIFs for 50 years and also whether the Bonds associated with the TIF would be managed for the same number of years.

Mr. Gordon responded that the TIF Board was not structured in the same manner as the Public Service Board and explained the financial decisions regarding the TIF were made by the City Council. He then remarked that any one series of Bonds could not be established for 50 years as bonds/notes have term limits and clarified that the term for the TIF notes would be 20 years; however, he added that additional bonds or notes might be considered in the future.

Ms. Austin hypothetically questioned that if the City received an overabundance of funding regarding the TIF, what would happen to the extra monies.

Mr. Gordon stated if the growth was greater than anticipated, the TIF might be abolished, the Bonds would be paid and retired. He noted that if monies in the TIF Fund were not utilized those same monies must be spent within the TIF district.

Mr. Carl Robinson, citizen, explained that he was not a resident within TIF District Number Two; however, a taxpayer just the same and wondered how citizens, residing within the TIF District, would have the right to sell their properties.

Mr. Gordon noted that comments made by Mr. Smith were essentially that unless the City condemned the property, taken under eminent domain, the property owner's rights remained unchanged.

Mr. Jose Rodriguez, County Attorney, citizen and taxpayer (not speaking on behalf of County Commissioner's Court), complimented Ms. Adauto and Mr. Smith on their well-prepared presentations. He stated that through those presentations many questions he had were answered; however, he pointed out that the public meetings should have been held long ago. He noted that the City Council Representatives, not the TIF Board or the Mayor, would be making the final decisions regarding the TIF District financial matters. He explained that the whole unified medical campus would be impacted by the TIF to include the BHI, medical school, and hopefully a children's and women's specialty clinics and doctor's offices. He believed that the TIF would be a useful instrument in moving the community forward.

Ms. Esther Perez, citizen, stated that the thought of losing one's home would be an emotional experience; however, she noted that the Mexican-American Bar Association had volunteered to assist individual homeowners in order to ensure proper representation and respect. She stated that the area included in TIF District Number Two was a depressed area and she felt that those families impacted by eminent domain would be given the opportunity to move into neighborhoods where the quality of life was better.

Ms. Carmen Rodriguez, labor attorney, stated that she represents clients who had lost their jobs due to NAFTA and added that she felt the TIFs were an opportunity to create jobs.

Ms. Vivian Rojas, citizen, remarked that those living in TIF District Number Two did not want fair market value but the right to negotiate and set the sale price based on the condition of the property. She asked Council Members to repeal the TIF Districts.

Mr. David Carr, representing the Jefferson Ex-Student Association, stated that in 1993 Jefferson High School incorporated the Health Magnet School and noted that many graduates leave El Paso in favor of looking for higher paying jobs. He explained the BHI and four-year medical school would provide better paying jobs and would entice students to stay in El Paso. He stated that the Association was in favor of the BHI and four-year medical school; however, asked that more public hearings be held in order to provide the public with more information.

Mr. Leopoldo Sierra, citizen, stated that he felt that all City Council Members, including the Mayor, should be present. He asked that the four-year medical school be built on Airport land and added that El Paso did not have the same resources as other Texas cities.

Mr. Ed Piñon, citizen, stated that he was willing to make sacrifices for the betterment of the community; however, not for one individual to make a lot of money.

Ms. Carolina Trujillo, citizen, explained that the community directly affected by the TIF was in support of the four-year medical school and BHI; however, she asked that the elderly not be sent to nursing homes as they have already made sacrifices.

Representative Medina thanked Ms. Palafox's for her moderator expertise and stated that TIF District Number Three public hearing would be held next week, Wednesday, November 20, 2002, at 6:00 p.m. in City Council Chambers. He asked for Council Member comment at this time.

Representative Sariñana stated that it was his opinion that the entire community of El Paso was in favor of the BHI and four-year medical school; however, he did criticize the manner with which the City had handled the TIF issue.

Representative Escobar thanked everyone for their attendance and stated that due to misinformation, many individuals no longer trusted Council Members. He felt the City needed the BHI and four year medical school for those families who could not afford to send sick children or family members out of town for medical treatment. He stated the City was developing a vision for the community and asked that everyone study the issue and become informed.

Representative Cook stated he would study the issue thoroughly and encouraged everyone to do the same.

Representative Cobos thanked the Greater El Paso Chamber of Commerce, City staff and all others who worked very hard on their presentations and asked the community to be objective. He asked the public to contact their representatives if they had questions.

Representative Medina remarked that errors had been made and added that the City was remedying those errors by providing the public hearings. He proposed a working group of nine members – three members from the El Paso Investor Group to be appointed by Council Members; three members to be appointed by the Mayor; and three members to be appointed by the Chamber of Commerce.

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Motion made by Representative Medina, seconded by Representative Sariñana and unanimously carried to adjourn this meeting at 8:37 p.m.

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APPROVED AS TO CONTENT:

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APPROVED AS TO FORM:

  
Richarda Duffy Momen, City Clerk

  
Rita Rodriguez, City Attorney